

1.0 SUMMARY GUIDE FOR USING HUD'S AUTOMATED PAYMENTS LINE OF CREDIT CONTROL SYSTEMS (LOCCS)

The purpose of this guide is to provide information and direction to public housing agencies (PHA) and their lenders (or bond trustees) on meeting HUD requirements to establish an automated payment system for PHA debt obligations approved by HUD under the Capital Fund Program (CFP). The system will enable HUD to provide principal and/or interest payments directly from the PHA's capital account, which is established at HUD, subject to appropriations and upon approval of the PHAs Annual Capital Contribution Contract ("ACC").

Subject to appropriations, HUD will make scheduled periodic payments to debt holders or financial trustees for HUD approved debt obligations of the PHA under the CFP subject to fund availability of funds in the PHA's HUD Line Of Credit Control Systems (LOCCS). This guide is designed to provide information concerning the step-by-step process by which PHAs and debt or bond servicing agents (trustees) can establish and schedule automated loan payments through HUD's LOCCS. These payments are made directly to the loan originators or bondholders through their trustees.

The PHA and the financial institution (deposit agent) designated to receive payments should provide HUD with an approved capital fund financing amendment ("CCF Amendment") to the PHA's consolidated annual contributions contract specifying approval for payment. In addition, the PHA and the deposit agent will need to jointly execute a direct deposit form ([Standard Form 1199A](#)). The PHA will then need to provide a [Debt Service Schedule](#) derived from the debt service schedule approved by HUD, along with correspondence from the PHA's Executive Director indicating that the Debt Service Schedule is the final debt service schedule. The final debt service should not exceed the estimated debt service schedule as approved by HUD in any year by more than 10%. The PHA must also submit an original and one (1) copy of the final closing binder containing copies of all executed evidentiary documents, together with a certification attesting that the changes requested by HUD have been made and that no other changes to the submissions have been made since they were last provided to HUD.

The LOCCS [Debt Service Schedule](#) is a TEXT based MS Excel spreadsheet described in Section 2 of this guide. In addition, the PHA will also need to provide a text file in a (.txt (Tab delimited)) form (Instructions are in Section 2) that specifies the date and the amount of the HUD payments from LOCCS to the deposit agent known as the [LOCCS Debt Service Schedule Data File](#). The text file enables HUD to easily transfer data directly into its LOCCS system. The MS Excel spreadsheet in text format insures that rounding errors usually found in numerical spreadsheets will be corrected prior to receipt by HUD.

Subsequent to a final loan or bond closing and upon receipt of the required information, HUD will finalize the process of entering debt payment information directly into HUD's automated LOCCS payment system. In LOCCS, HUD is able to make automatic payments to deposit agents on specific dates, insuring that loan or bond repayments are made accurately, on time and without costly errors. HUD has made its LOCCS payment system available as an additional tool for PHAs to use in structuring their debt transactions more effectively. Although PHAs and their deposit agents may choose not to use this system by allowing the PHA to make direct payments to the deposit agent itself, most bond debt financings and many bank loan facilities will require the use of HUD's Automated payments system.

This document includes:

- Information and requirements for preparing and submitting the final **DEBT SERVICE SCHEDULE**. This file must be on MS Excel and be in data format. Spreadsheets that utilize numerical formats with formulas usually have small rounding errors that will not integrate into automated accounting systems without adjustments.
- The Debt Service Schedule will need to be saved into a data delimited file known as a **LOCCS DEBT SERVICE SCHEDULE DATA FILE**.

2.0 REQUIRED DOCUMENTS FROM PUBLIC HOUSING AUTHORITY

This section describes the specific forms and information required to establish a debt entity.

A. Standard Form (SF) 1199A – Direct Deposit Sign-up Form

Purpose:

Standard Form (SF)-1199A (OMB No. 1510-0007) is a Direct Deposit Sign-Up Form used by PHAs to designate the payee for debt obligations. The purpose of this form is to collect the information necessary for the LOCCS Debt Module to have Federal funds deposited directly to the designated payee electronically. Upon receipt of a correctly completed SF-1199A, HUD will disburse CFP funds directly to the designated bond trustee or loan-servicing agent on payment dates specified in debt service schedule. SF-1199A may be obtained at any financial institution or at the following website: <http://www.fms.treas.gov/eft/1199a.pdf>

Instructions:

Section 1A – PHA agency name, address, and telephone number (including area

code) Section 1B – PHA agency name

Section 1C – **LOCCS Debt Number**. Write “**LOCCS Debt No. _____**” in this section. HUD will complete LOCCS Debt Obligation Number upon receipt and processing of the form. Also write the PHA TIN number. The Fiscal Agent TIN number should be provided in this section or in Section C. (**Fiscal Agent** is the Bank or Lenders Agent or the bond Trustee.)

- “**LOCCS Debt No. _____**” in this section.
- PHA’s **Tax Identification Number (TIN)** provided by PHA.
- **Fiscal Agent’s Tax Identification Number (TIN)** provided by Fiscal Agent (Can also be placed under ROUTING NUMBER in Section 3 if desired)
- PHA executives with authorization to sign checks affix signature and date under Section C.

Section 1 D – Completed by Fiscal Agent

Section 1 E – Completed by Fiscal Agent

Section 1 F – Check “Other” box and specify either “**CFP Bond**” or “**CFP**

Loan” Section 1 G – Not applicable, leave blank or type N/A.

Section 2 – Government Agency Name: **U.S. Department of Housing and Urban Development**
Government Agency Address:
CFO National Accounting Center
801 Cherry St., Unit #45, Suite
500
Fort Worth, TX 76102-6882

Section 3 – Completed by Fiscal Agent

Send the completed **SF-1199A** to:

U. S. Department of Housing and Urban Development
Office of Public and Indian Housing, Office of Capital Improvement
Attention: Tom Shelton
451 7th Street, SW, Room 4146
Washington, D.C. 20410

Note: *Should any of the data on the completed Form 1199A change; the recipient must provide a new completed **SF-1199A** with the updated information to HUD.*

Additional Instructions for **SF-1199A:**

- i. All information on **SF-1199A** is to be **typed or printed in black or blue ink** with the exception of signatures.
- ii. **Alterations** to the document, such as erasures, correction fluid and strikeouts are unacceptable and **will invalidate the form.**
- iii. All data elements on **SF-1199A** must be completed unless a blank is indicated.
- iv. Fiscal Agent completes Sections 1D, 1E, and 3.
- v. The PHA completes Sections 1A, 1B, 1C (signatures only), and 1F
- vi. The PHA sends completed form to HUD
- vii. HUD completes Section 1C (Claim or Payroll ID Number equals LOCCS Debt Obligation Number)
- viii. HUD sends the completed form to the CFO in Fort Worth, TX
- ix. The HUD CFO establishes a LOCCS Debt Obligation Number
- x. HUD Headquarters inputs data into LOCCS to set up automated payment schedule.
- xi. HUD Headquarters activates payment system.

B. Debt Service Schedule

Purpose: The PHA is responsible for sending a finalized **DEBT SERVICE SCHEDULE** upon approval of the loan or sale of bonds. The purpose of the Debt Service Schedule is to specify the scheduled payment due date, the amount of each periodic payment, the portion of payment allocated to interest and principal and the debt service coverage for the term of the debt obligation. The information provided in the debt service schedule will determine the timing and the dollar amount of electronic payments to the loan servicing agent or bond trustee.

Instructions: Each PHA is required to submit the debt service schedule information in two distinct formats. See examples of the two debt service schedule documents required by HUD on pages XXXXX and XXXXX of this Guide.

The first submission is the **DEBT SERVICE SCHEDULE** and the second is the **LOCCS DEBT SERVICE SCHEDULE DATA FILE**, which is the source file for input into the LOCCS Debt Repayment Module. Both of these files must be prepared in Microsoft Excel file format (version 98 or 2000). Figures 2.2 and 2.3 illustrate the requirements of the Debt Service Schedule Management Report and the Debt Service Schedule Data File.

This file should be sent on diskette to:

U. S. Department of Housing and Urban Development
Office of Public and Indian Housing, Office of Capital Improvement
Attention: Tom Shelton
451 7th Street, SW, Room 4134
Washington, D.C. 20410

In addition, the file should be submitted to HUD by an electronic mail transfer (email) to the HUD staff person that is providing support to the PHA's request to utilize and incorporate LOCCS to repay debt using CFP funds.

In the **DEBT SERVICE SCHEDULE** (see Figure 2.2 below), the columns are self-explanatory. Illustrated below is an example of the **DEBT SERVICE SCHEDULE** required by HUD. The file layout Debt Service Schedule follow the criteria outlined below.

<u>FIELD NAME</u>	<u>FIELD SIZE</u>
LOCCS Payment Date	4 digit year with separating month, day, and year (MM/DD/YYYY)
LOCCS Payment Amount	2 decimals, no commas or dollar sign (1234567.89)
Target Grant Year	4 digit year (YYYY)
Principal	2 decimals and no commas or dollar sign
Interest	2 decimals and no commas or dollar sign

Figure 2.1 Debt Service Schedule Data File Delimiters

PHA LOCCS Debt Service Payment Schedule

LOCCS Payment Date	LOCCS Payment Amount	Target Grant Year Amount	Principal Payment Amount	Interest Payment Amount
12/03/2002	0.00	2002		116910.00
06/03/2003	0.00	2003		175365.00
12/03/2003	0.00	2003		175365.00
06/03/2004	0.00	2004		175365.00
12/03/2004	360365.00	2004	185000.00	175365.00
06/03/2005	170370.00	2005		170370.00
12/03/2005	365370.00	2005	195000.00	170370.00
06/03/2006	165105.00	2006		165105.00
12/03/2006	375105.00	2006	210000.00	165105.00
06/03/2007	159435.00	2007		159435.00
12/03/2007	374435.00	2007	215000.00	159435.00
06/03/2008	153630.00	2008		153630.00
12/03/2008	383630.00	2008	230000.00	153630.00
06/03/2009	147420.00	2009		147420.00
12/03/2009	392420.00	2009	245000.00	147420.00
06/03/2010	140805.00	2010		140805.00
12/03/2010	395805.00	2010	255000.00	140805.00
06/03/2011	133920.00	2011		133920.00
12/03/2011	408920.00	2011	275000.00	133920.00
06/03/2012	126495.00	2012		126495.00
12/03/2012	411495.00	2012	285000.00	126495.00
06/03/2013	118800.00	2013		118800.00
12/03/2013	418800.00	2013	300000.00	118800.00
06/03/2014	110700.00	2014		110700.00
12/03/2014	430700.00	2014	320000.00	110700.00
06/03/2015	102060.00	2015		102060.00
12/03/2015	437060.00	2015	335000.00	102060.00
06/03/2016	93015.00	2016		93015.00
12/03/2016	448015.00	2016	355000.00	93015.00
06/03/2017	83430.00	2017		83430.00
12/03/2017	453430.00	2017	370000.00	83430.00
06/03/2018	73440.00	2018		73440.00
12/03/2018	468440.00	2018	395000.00	73440.00
06/03/2019	62775.00	2019		62775.00
12/03/2019	477775.00	2019	415000.00	62775.00
06/03/2020	51570.00	2020		51570.00
12/03/2020	491570.00	2020	440000.00	51570.00
06/03/2021	39690.00	2021		39690.00
12/03/2021	504690.00	2021	465000.00	39690.00
06/03/2022	27135.00	2022		27135.00
12/03/2022	512135.00	2022	485000.00	27135.00
12/03/2023	14040.00	2023		14040.00
12/03/2023	534040.00	2023	520000.00	14040.00
			6495000.00	4766040.00

LOCCS Payment Date is three business days prior to the scheduled loan or bond payment date.

LOCCS Payment Amount is the Amount of payment that LOCCS will pay on the Specified Date.

Target Grant Year is the funding year funds that should be allocated for LOCCS Payment

Principal Amount is the Amount of Funds Allocated for Repayment of Principal on the Loan/Bond

Interest Amount is the Amount of Funds Allocated for Repayment of Interest on the Loan/Bond

Figure 2.2 Debt Service Schedule

C. LOCCS DEBT SERVICE SCHEDULE DATA FILE

Below is the **DEBT SERVICE SCHEDULE** in data delimited text form. The instructions for creating the **LOCCS DEBT SERVICE SCHEDULE DATA FILE**, are provided below.

12/03/2002	0.00	2002	116910.00	0
06/03/2003	0.00	2003	175365.00	0
12/03/2003	0.00	2003	175365.00	0
06/03/2004	0.00	2004	175365.00	0
12/03/2004	360365.00	2004	185000.00	175365.00
06/03/2005	170370.00	2005	0	170370.00
12/03/2005	365370.00	2005	195000.00	170370.00
06/03/2006	165105.00	2006	0	165105.00
12/03/2006	375105.00	2006	210000.00	165105.00
06/03/2007	159435.00	2007	0	159435.00
12/03/2007	374435.00	2007	215000.00	159435.00
06/03/2008	153630.00	2008	0	153630.00
12/03/2008	383630.00	2008	230000.00	153630.00
06/03/2009	147420.00	2009	0	147420.00
12/03/2009	392420.00	2009	245000.00	147420.00
06/03/2010	140805.00	2010	0	140805.00
12/03/2010	395805.00	2010	255000.00	140805.00
06/03/2011	133920.00	2011	0	133920.00
12/03/2011	408920.00	2011	275000.00	133920.00
06/03/2012	126495.00	2012	0	126495.00
12/03/2012	411495.00	2012	285000.00	126495.00
06/03/2013	118800.00	2013	0	118800.00
12/03/2013	418800.00	2013	300000.00	118800.00
06/03/2014	110700.00	2014	0	110700.00
12/03/2014	430700.00	2014	320000.00	110700.00
06/03/2015	102060.00	2015	0	102060.00
12/03/2015	437060.00	2015	335000.00	102060.00
06/03/2016	93015.00	2016	0	93015.00
12/03/2016	448015.00	2016	355000.00	93015.00
06/03/2017	83430.00	2017	0	83430.00
12/03/2017	453430.00	2017	370000.00	83430.00
06/03/2018	73440.00	2018	0	73440.00
12/03/2018	468440.00	2018	395000.00	73440.00
06/03/2019	62775.00	2019	0	62775.00
12/03/2019	477775.00	2019	415000.00	62775.00
06/03/2020	51570.00	2020	0	51570.00
12/03/2020	491570.00	2020	440000.00	51570.00
06/03/2021	39690.00	2021	0	39690.00
12/03/2021	504690.00	2021	465000.00	39690.00
06/03/2022	27135.00	2022	0	27135.00
12/03/2022	512135.00	2022	485000.00	27135.00
12/03/2023	14040.00	2023	0	14040.00
12/03/2023	534040.00	2023	520000.00	14040.00

Figure 2.3 LOCCS Debt Service Schedule Data File

Note: Do not provide headings or other extraneous information on the **LOCCS DEBT SERVICE SCHEDULE DATA FILE**. The file will be entered directly into **LOCCS**

Using the field delimiters outlined in Figure 2.1, prepare a Microsoft Excel (version 98 or 2000) file that records the debt information for the full term of the debt. The file should look similar to what is represented in Figure 2.3. The information contained in the Debt Service Schedule Data File will be entered directly into LOCCS by HUD staff.

Instructions for creating the **LOCCS DEBT SERVICE SCHEDULE DATA FILE**:

1. HIGHLIGHT the data columns in the **DEBT SERVICE SCHEDULE** using the cursor. Only the date, the LOCCS payment, the target year, the principal and interest columns should be highlighted. Do not highlight the text column headings, other text or summary financial information contained at either the top or the bottom of the spreadsheet. Once the data is highlighted, go to the MS Excel menu bar and click EDIT, and then scroll down and click COPY.
2. In MS Excel, go to FILE, then to NEW and click. Then click on WORKBOOK, and then click OK. Click on a cell in the new workbook, and then go to EDIT and then click on PASTE. You will see the financial information from the **DEBT SERVICE SCHEDULE**.
3. Under the FILE menu of Microsoft Excel spreadsheet, click SAVE AS. Write the file name as “PHA” LOCCS DS DATA FILE. Under SAVE AS TYPE, click the down arrow to the right of “Microsoft Excel Workbook (*.xls)” and scroll down to “TEXT (Tab delimited) (*.txt)”. Click “TEXT (Tab delimited) (*.txt)”. Click SAVE.
4. Go to the location on your computer drive where you saved the {“PHA” LOCCS Debt Service DATA FILE}. Note that the file will now look like the file shown below if shown as a large icon under the View menu of your C Drive, or whatever drive you have stored the LOCCS Debt Service File.



5. Save and transfer both the **DEBT SERVICE SCHEDULE** and the **LOCCS DEBT SERVICE SCHEDULE DATA FILE** to a floppy disk. In addition, email both files to the HUD staff person(s) that is processing your approval to use ACC funds to repay debt obligations.
6. In the event that the scheduled payment needs to be changed, the PHA should contact HUD in writing at least 90 days prior to anticipated changes and indicate the reason for the change. In addition, the PHA should provide independent verification from the designated deposit institution or trustee if their approval is needed for the modification. The PHA should also provide an updated **DEBT SERVICE SCHEDULE** and the **LOCCS DEBT SERVICE SCHEDULE DATA FILE** if it is appropriate to support the request. The reasons may include prepayment of other debt issues, however no additional borrowing or bond sales may be made without the written approval and authorization of HUD.

3.0 HUD ACTIONS

This section briefly describes the various steps in the process leading up to the establishment of the debt payment entity in LOCCS Debt Repayment Module. A **debt payment entity** is a record in the LOCCS system, which establishes the existence of a loan or bond as a valid transaction for repayment.

Establishing a debt payment entity will permit HUD to formalize the process of providing automatic payments on scheduled dates to financial institutions designated to take deposits for the repayment of PHA debt. After the financial closing on PHA debt occurs, the LOCCS automated payment system will need to be updated with financial information submitted by the PHA and the lender as well as scheduled payment information as provided on the debt service schedules.

HUD establishes the debt entity in LOCCS using [Standard Form \(SF\) 1199A – Direct Deposit Sign-Up Form](#). After the PHA supplies the debt service schedule documents, HUD will input the Debt Service Data from the **LOCCS DEBT SERVICE SCHEDULE DATA FILE** directly into the LOCCS System. After the payment data is inputted into the LOCCS System, HUD staff will implement the LOCCS payment approval procedures thereby activating the LOCCS system to make automatic payments. Once the system is activated, a LOCCS system will be tested with a trial run where a \$1.00 payment will be made well ahead of the first scheduled LOCCS payment date to the designated deposit agent to insure that the system is running correctly.

This action establishes the debt entity in LOCCS and provides tracking and reporting information for Public and Indian Housing (PIH) and the PHA. LOCCS will keep track of what phase the debt entity is in, and provide appropriate workload items on the PHA and/or HUD workload screens.

1. ESTABLISH DEBT OBLIGATION IN LOCCS

HUD enters data provided by the PHA in the [Standard Form \(SF\) 1199A – Direct Deposit Sign-Up Form](#) into the LOCCS Repayment Debt Module to establish a LOCCS Debt Obligation Number. The system generates a LOCCS debt entity control number, which consists of the PHA code and sequential numbers of the debt entity associated with the PHA.

2. APPROVE DEBT OBLIGATION in LOCCS

HUD then enters the data from the **LOCCS DEBT SERVICE SCHEDULE DATA FILE**. Verification of all information provided by PHA, HUD and financial institution is conducted. If the information is accurate, the LOCCS system is activated and a payment start date is entered into LOCCS. HUD staff will then conduct a test of the system with the financial institution designated to receive payment, and if the test is successful, the LOCCS automated payment system is fully activated.